Format for Letter Informing Operator of Production Decline
for a Unit PA When Authorized Officer Determines PA is
Not Capable of Production in Paying Quantities

IN REPLY REFER TO

United States Department of the Interior
BUREAU OF LAND MANAGEMENT

3107 (Office Code)

CERTIFIED MAIL--RETURN RECEIPT REQUESTED

Dear _____: or Gentlemen:

The _(Name)_ Unit Agreement which includes the _(Name)_ Participating Area
(PA) became effective _(Date)_ and so long thereafter as unitized substances
are or can be produced from the unitized area in paying quantities. Our
records indicate that production from the last well in the PA has declined
to the point that we have determined that this PA is not capable of
production in paying quantities.

Under 43 CFR 3107.2-2, you are allowed 60 days from receipt of this letter
in which to commence reworking or drilling operations on the PA to restore
production in paying quantities. The PA will not terminate so long as
approved operations are commenced with the 60-day period and such operations
are continued with reasonable diligence until paying production is restored.

If you believe the PA is capable of production in paying quantities to pay
the day-to-day operating costs, including rental and/or minimum royalty on a
sustained basis, you must submit justification within 60 days of receipt of
this letter.

If a reworking/drilling operation proposal or justification that the well is
capable of production in paying quantities is not submitted within 60 days
from receipt of this letter, the PA will automatically terminate. A Notice
of Intent to Abandon (NIA) the well must be filed within 30 days, starting
60 days after receipt of this letter. (NOTE: This sentence applies only
when the well involved is Federal.) The leases committed to the PA may be
eligible for extension in accordance with 43 CFR 3107.4.

If you have any questions, contact __(Name)__ at _(Office address)_.

Sincerely,

Field Office Operations
Authorized Officer

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   All lessees
   SO Fluid Lease Adjudication